
Chapter 11

How Did We Get Here? The Evolution of
Canada's "Exclusionary" Housing System

J. DAVID HULCHANSKI

**Finding Room:
Options for a Canadian
Rental Housing Strategy**

Edited by J. David Hulchanski and Michael Shapcott

CUCS Press
Centre for Urban and Community Studies
University of Toronto
2004

© Centre for Urban and Community Studies, University of Toronto, 2004

ISBN 0-7727-1433-9

Printed by University of Toronto Press Incorporated
Cover design by Ireland + Associates, Toronto
Cover illustration by Tim Zeltner / i2i Art, Toronto
Editing by Philippa Campsie, Toronto
Printed in Canada

CUCS Press
Centre for Urban and Community Studies
University of Toronto
455 Spadina Avenue, Suite 400
Toronto, Ontario, Canada M5S 2G8
www.urbancentre.utoronto.ca



Printed on acid-free paper

Library and Archives Canada Cataloguing in Publication

Finding room : options for a Canadian rental housing
strategy / edited by J. David Hulchanski and Michael Shapcott.

ISBN 0-7727-1433-9

1. Rental housing – Canada. 2. Housing policy – Canada.
I. Hulchanski, John David II. Shapcott, Michael III. University of
Toronto. Centre for Urban and Community Studies.

HD7288.85.C2F44 2004 363.5'0971 C2004-903000-0

The University of Toronto's Centre for Urban and Community Studies acknowledges with thanks the financial support of the TD Bank Financial Group and Canada Mortgage and Housing Corporation. The analysis and interpretations provided in this book are those of the individual contributors and do not necessarily represent the views of the financial contributors or of the Centre for Urban and Community Studies.

FINDING ROOM: OPTIONS FOR A CANADIAN RENTAL HOUSING STRATEGY

Finding Room is the first Canadian book to focus solely on the question of how to provide affordable rental housing for low-income households. Two dozen authors – from business leaders to university researchers to representatives of the Aboriginal community – address this question.

The contributors offer analyses of the economics of low-rental housing; commentary on the relationship between housing and human rights; social perspectives on the lives and health of low-income renters; overviews of how the current system developed; suggestions for housing innovations; recommendations for all levels of government; and insights into the roles of public, private, and non-profit sectors.

Finding Room is intended to inform discussions of policy options for affordable housing by providing information and analysis from experts in the topic. The contributions suggest a growing consensus about the need for certain policy changes, although several controversial areas remain.

The book is a resource for community leaders, policy makers, researchers, and students. It includes a glossary, key documents relating to housing rights in Canada, and background on the economic and political context written in non-academic language.

Finding Room is published by the Centre for Urban and Community Studies at the University of Toronto.

EDITORS

J. David Hulchanski is director of the Centre for Urban and Community Studies and professor of housing and community development in the Faculty of Social Work, University of Toronto. His research and teaching focuses on housing policy, social welfare, community development, and human rights. In the 1980s he was a professor in the School of Community and Regional Planning at the University of British Columbia and Director of the UBC Centre for Human Settlements. He has a M.Sc. and Ph.D. in urban planning and is a member of the Canadian Institute of Planners. In 1997 he was appointed to the only endowed chair in housing studies in North America, the Dr. Chow Yei Ching Chair in Housing.

Michael Shapcott is co-chair and a founding member of the National Housing and Homelessness Network and a founding member of the Toronto Disaster Relief Committee, the Toronto Coalition Against Homelessness, and the Bread Not Circuses Coalition. He is the coordinator of the Community/University Research Partnerships (CURP) program at the Centre for Urban and Community Studies, University of Toronto. See: www.urbancentre.utoronto.ca/curp.html

Contents

Acknowledgements

J. DAVID HULCHANSKI and MICHAEL SHAPCOTT / ix

Foreword

DAVID MILLER / xiii

1. Introduction: Finding Room in Canada's Housing System for *All* Canadians

J. DAVID HULCHANSKI and MICHAEL SHAPCOTT / 3

Part I. Setting the Context

2. Affordable Housing in Canada: In Search of a New Paradigm

DON DRUMMOND, DEREK BURLETON and GILLIAN MANNING / 15

3. The Right to Adequate Housing in Canada

BRUCE PORTER / 69

4. A Tale of Two Canadas: Homeowners Getting Richer, Renters Getting Poorer

J. DAVID HULCHANSKI / 81

5. Housing Affordability: A Children's Issue

MERRILL COOPER / 89

vi / Contents

6. Like Falling Off a Cliff: The Incomes of Low-Wage and Social Assistance Recipients in the 1990s
JOHN STAPLETON / 115
7. Housing Discrimination in Canada: Stakeholder Views and Research Gaps
SYLVIA NOVAC, JOE DARDEN, DAVID HULCHANSKI and ANNE-MARIE SEGUIN / 135
8. Housing Affordability: Immigrant and Refugee Experiences
ROBERT MURDIE / 147
9. Housing as a Social Determinant of Health
TOBA BRYANT / 159
10. Homelessness and Health in Canada
STEPHEN W. HWANG / 167
11. How Did We Get Here? The Evolution of Canada's "Exclusionary" Housing System
J. DAVID HULCHANSKI / 179
12. Where Are We Going? Recent Federal and Provincial Housing Policy
MICHAEL SHAPCOTT / 195

Part II. Perspectives on the Current Situation

13. A New Paradigm for Affordable Housing: An Economist's Perspective
DON DRUMMOND / 215
14. The Business Case for Affordable Housing
ELYSE ALLAN / 231
15. Should We Build Housing for Low-Income People?
STEVE POMEROY / 237

16. The Municipal Role in a National Housing Policy
ELISABETH ARNOLD / 243
17. The Unique Needs of Aboriginal People
JIM LANIGAN / 249
18. A Municipal Perspective on a National Housing Strategy
GREG SUTTON / 255
19. A Wake-Up Call for Non-Profit Housing Providers
JON HARSTONE / 263

Part III. Options for an Affordable Housing Strategy

20. Toward a Comprehensive Affordable Housing Strategy for Canada
STEVE POMEROY / 271
21. Unlocking the Opportunity for New Rental Housing:
A Call to Action
CITY OF TORONTO URBAN DEVELOPMENT ROUNDTABLE / 301
22. Affordable, Available, Achievable:
Practical Solutions to Affordable Housing Challenges
THE TORONTO BOARD OF TRADE / 323
23. Aboriginal Housing in Canada
GEORGE DEVINE / 343
24. The Role of the Co-operative Housing Sector in
Creating Affordable Housing
MARK GOLDBLATT / 357
25. Affordable Housing Policy Challenges in Ontario:
The View from the Non-Profit Sector
DAVID PETERS / 365
26. Ending Homelessness: The One Percent Solution
NATIONAL HOUSING AND HOMELESSNESS NETWORK / 381

27. Promoting Rental Housing: An International Agenda
ALAN GILBERT / 389

Appendix

- A. Glossary of Housing Terms / 401
- B. An Act to Provide for Adequate, Accessible and
Affordable Housing for Canadians / 409
- C. Defining the Right to Adequate Housing,
UN General Comment No. 4 / 417
- D. Canada's Record on Economic, Social and Cultural Rights,
UN Report / 427
- E. Adequate Shelter: A Fundamental Human Right,
by Paul Martin / 439

Chapter 11

How Did We Get Here? The Evolution of Canada's "Exclusionary" Housing System

J. DAVID HULCHANSKI

Governments have many choices when it comes to providing housing assistance for low-income households. These fall into two general categories: (1) cash assistance to individual households to help them pay for housing; and (2) construction subsidies that bring down the monthly cost of housing. Many Western nations offer both: they provide cash transfers to help low-income households pay their rent and fund a large non-market social housing sector.

Over the past five decades, the Canadian government has succeeded in creating a sustainable homeownership sector, using a combination of regulations, a mortgage insurance system, and tax benefits. Very little private-sector rental housing is being built and, since 1993, very little new social housing (non-market housing that is owned and managed by government, non-profits, or non-equity cooperatives) has been created. About 5 percent of Canada's households live in non-market social housing. This compares with 40 percent in the Netherlands, 22 percent in the United Kingdom, 15 percent in France and Germany, and about 2 percent in the United States.¹

The Canadian government's role in helping lower-income Canadians obtain adequate and appropriate housing by providing social housing can be divided into four distinct periods.

1. The first is the period up to 1964 in which the government avoided any significant involvement.
2. The second was a two-decade-long commitment to building a non-market social housing sector as part of a broader social safety net, which ended in 1984.

3. The third was a decade-long decline in the allocation of new federal money for housing assistance, ending with a full withdrawal in 1993.
4. The fourth period, from 1994 to the present, is much like the first – no significant federal involvement. This period also saw a devolution to the provinces of most federally assisted housing built during the previous periods, and, like the first period, a small “affordable housing” program that seems to produce more press releases than housing units.

Period 1, 1949–63: Leave it to the Market and Hope for the Best

Canada was one of the last major Western nations to introduce a social housing supply program.² The United States began building public housing in the 1930s. Canadian legislation enabling federal subsidies for public housing was adopted in 1938 but never implemented. Only in 1949 was the *National Housing Act* (NHA) amended and a public housing supply program launched. However, between 1949 and 1963, only 12,000 public housing units were built (an average of 850 units a year).

Why so few units? Why did the government even bother to administer such a small program? John Bacher’s history of Canadian housing policy provides the answer: “The low levels of social housing built under the 1949 NHA amendments were not the product of incompetence but of the intentions of the civil servants and ministers who had drafted the legislation.”³

The 1949 NHA amendments were, in large part, a taxpayer-funded public relations campaign aimed at addressing criticism of the federal government’s inaction on meeting severe rental housing needs among low-income households. “CMHC [Canada Mortgage and Housing Corporation] took the attitude that the passage of [the legislation] had achieved the intended purpose of reducing the political vulnerabilities of the federal government with regard to low-income housing.”⁴

Thus, during the period leading up to 1964, there was no significant federal role in social housing.

Period 2, 1964–84: Build an Inclusive Housing System by Addressing the Social Need for Housing

The 1964 amendments to the NHA finally implemented the recommendations of the housing studies of the 1930s and 1940s by creating a fed-

erally funded, municipally administered public housing program. The amendments allowed for a direct relationship between the federal government and provinces or municipalities. Most of the approximately 200,000 public (government-owned) housing units were built between 1964 and the mid-1970s.⁵

In 1973, the federal government introduced sweeping amendments to the NHA, including the establishment of an assisted homeownership program, a neighbourhood improvement program, a housing rehabilitation program, a municipal land assembly program, a native housing program, and a new non-profit and co-op housing program.

These programs were based on direct federal government relationships with non-profit and co-op housing groups and municipalities in the case of social housing supply, individual owners in the case of the housing rehabilitation program, and individual municipalities in the cases of the Neighbourhood Rehabilitation Program and the land assembly program. This funding approach sidestepped the provincial governments and their housing corporations, thereby increasing the visibility of the federal government in housing and urban affairs. (The minister responsible for the Ministry of State for Urban Affairs was also responsible for the Canada Mortgage and Housing Corporation and housing policy and programs.)

When the 1973 amendments to the NHA were announced, Ron Basford, the minister responsible for urban affairs, told the House of Commons: "When we talk ... about the subject of housing, we are talking about an elemental human need – the need for shelter, for physical and emotional comfort in that shelter." He went on to describe the rationale for the government's role in supplying low-cost housing:

When we talk about people's basic needs – the requirements for survival – society and the government obviously have an obligation to ensure that these basic needs of shelter are met.

I have already acknowledged this obligation in stating that good housing at reasonable cost is a social right of every citizen of this country. ... [This] must be our objective, our obligation, and our goal. The legislation which I am proposing to the House today is an expression of the government's policy, part of a broad plan, to try to make this right and this objective a reality.⁶

This inclusionary philosophy informed policy and program debates until the 1984 election of the Mulroney Conservative government.

Period 3, 1984–93: From a Small Federal Role in Housing, to No Role At All

The November 1984 “mini-budget” made a number of cuts in housing programs. Housing was identified as one of several expenditure areas that would receive further review.⁷ A consultation paper on housing was released two months later.⁸ It announced that new spending commitments on housing were not feasible due to “the budgetary constraint.” Rather, “any new initiatives in housing can be taken only by redirecting funds allocated to existing expenditures or by making existing programs more effective and less costly.”⁹

By the end of the year, the government announced its new housing policy in a 33-page booklet titled *A National Direction for Housing Solutions*. This policy document was based on a June 1985 report of a task force that had reviewed all spending areas. That report, called *Housing Programs in Search of Balance* was not publicly released until a year later. In that report,¹⁰ the government stated that it considered the status quo inefficient and expensive:

The record of current programs in meeting social housing needs is dismal. Because expensive, long-term supply programs have been used and programs have not been directed solely to those in need, there has been a minimal impact on resolving the housing problems of low income Canadians.

In order to save money and be more efficient, the report focused on better targeting of housing subsidies and a cheaper method of delivering subsidies. “Housing programs have benefited Canadians at all income levels,” the report argued; it “is time to redress this imbalance, to favour those with the greatest need for assistance.” A policy principle was asserted: social housing programs should “not be designed to benefit the general populace.”¹¹

This assertion was more ideological than factual. Social housing programs benefited a very small segment of low- and moderate-income renter households, mainly the elderly and families. Access to most social housing was means-tested. The 1973 NHA had permitted a slightly greater social mix in non-profit housing in order to produce more balanced and socially sustainable communities, rather than “projects” that housed only the most destitute. Targeting criteria were not raised, as they rarely are, in the analysis of subsidy programs for homeownership or private-sector rental housing.

The other concern was the long-term commitment involved in providing housing assistance for low-income households: "Supplying new social housing units is a costly form of assistance and results in long term subsidy commitments with little flexibility for new initiatives."¹²

Housing is indeed expensive and there is no magic formula for building adequate housing at below-market costs. The long-term commitment refers to the policy choice of financing the construction of social housing over a long period, rather than making a larger down payment at the beginning. The lack of flexibility refers to the fact that the only way out of these long-term commitments is politically difficult: evict the tenants and sell the housing.

The housing subsidy method that allows complete flexibility is a cash transfer to help households pay their rent. These transfers are called "shelter allowances" or "housing vouchers." They can be cut off at any time, the amount can be decreased or increased with ease, and they can be adjusted to keep up with actual housing costs, or not. They also have the political and ideological advantage of being "market conforming."

A policy of cash transfers means that government could avoid subsidizing non-market housing. Instead, the consumer in the private housing sector is subsidized, and he or she passes on the subsidy to the landlord. The private-sector housing lobby was a strong proponent of this approach and the Mulroney government was sensitive to their claim that non-market social housing was "unfair competition." The 1985 policy statement notes that:

Non-profit and co-operative housing has made a significant contribution to the stock of rental housing. ... At the same time, this feature of the program has been criticized by private sector representatives who perceive the provision of subsidized market rent units as creating unfair competition. It has even been suggested that the program restricts private sector activity by reducing demands for market accommodation.¹³

No evidence was ever produced to support the claim that social housing supply restricts the market provision of housing. The report recommended a "shift in the balance" towards shelter allowances as "a more cost-effective social housing strategy."¹⁴

In the end, however, the Mulroney government agreed with the critics of shelter allowances. "It is not my intention to proceed with a shelter allowance program," announced Bill McKnight, the minister responsible for housing, in October 1985. He said the finance ministry's advisors

had found that it would be yet another expensive entitlement program that would do little to diminish the nation's housing problems. "My reasons for not favouring a shelter allowance," McKnight explained to the 1985 meeting of the Canadian Real Estate Association, "include the considerable uncertainty about its cost, the fact that it would not add to the stock of housing available to low-income households in some market areas and that it would not deal with the housing problems faced by special need groups such as the elderly and the handicapped."

Instead, McKnight announced that his government was "committed to the continuation of non-profit and co-operative housing as a way of assisting those who cannot afford accommodation in the private market" and that he wanted to use the co-op housing sector "to foster security of tenure for moderate-income households who cannot afford access to homeownership." Even this commitment, however, could not withstand efforts to cut the budget deficit. With ever-diminishing financial support over the 10-year life of the government, Finance Minister Don Mazankowski finally ended all funding for new social housing in his 1993 budget. Though the Liberal Party won the national election later that year, the new Finance Minister, Paul Martin, implemented the termination of the social housing supply program. The supply of social housing fell from an annual level of about 25,000 new units in 1983 to zero following the 1993 termination of the federal program.

Period 4, 1993–Present: Leave It to the Market and Hope for the Best

There is an interesting parallel between the federal housing program in 1949 and the housing program announced in the 2001 federal budget. After many years during which the government had been subject to increasing criticism for not providing any new housing assistance for low-income households and homeless people, the 2001 federal budget included money for housing. However, the \$680 million allocation for an affordable housing program is spread over five years – that is \$136 million a year, distributed over a country with 11 million households, of which 10 percent to 15 percent face housing problems, in which tens of thousands of people are homeless.

The federal government hoped that the provinces would contribute an equal amount, allowing the new housing to assist lower-income households. Most provinces, with the exception of Quebec, refused to match fully the federal contributions. At least the federal government has something to talk about when it is challenged on what it is doing about the

urban housing crisis, now and for the next five years. Bacher's assessment of the impact of the 1949–63 public housing program will likely apply to the program announced in 2001: "The legislation stabilized the basic thrust of federal policy simply to stimulate residential construction by disturbing the existing private market as little as possible."¹⁵

Given the failure of the private sector to supply new rental housing and the extent of homelessness across Canada, the only reasonable assessment is to view the initiative as damage control for the government. It is enough money to subsidize a steady stream of press releases, but not enough to make a difference. In other words, there has been no change in federal housing policy. We may see, a few years from now, the same effect that Bacher noticed in relation to the 1949 legislation: "that the passage of [the legislation] had achieved the intended purpose of reducing the political vulnerabilities of the federal government with regard to low-income housing."¹⁶

Along with the loss of a social housing supply program that once built 20,000 to 25,000 units per year, the change in federal funding for social assistance has had an equally devastating impact on the lives of poor and destitute households. The turning point for income assistance policy in Canada came in the 1995 federal budget. Until then, federal funding for social assistance was provided to the provinces through a designated transfer program called the Canada Assistance Plan (CAP). The CAP *Act* specified five clearly defined rights:

- the right to an adequate income;
- the right to income assistance when in need;
- the right to appeal welfare decisions;
- the right to claim welfare whatever one's province of origin;
- the right to welfare without forced participation in work or training programs.

The 1995 federal budget cut transfers to the provinces, eliminated the CAP, and rolled federal funding for social assistance, postsecondary education, and health into the new Canada Health and Social Transfer (CHST). With this action, the federal government understood that it was releasing provinces from the requirement to provide adequate assistance based on the defined rights in the CAP legislation, with the exception of the ban on discrimination on the basis of province of origin. Since 1995, most provinces have made significant changes to the nature and delivery of social assistance programs. In part as a result of these changes, the pool of households at risk of homelessness has increased, along with the number of people actually experiencing homelessness.

The value of welfare support also began to decline in the 1990s, as provinces did not adjust rates to reflect inflation or changes in housing costs. In addition, a number of provinces reduced the amount provided (for example, Ontario cut social assistance rates in October 1995 by 21 percent). The purchasing power of social assistance benefits is lower in 2001 than in 1986 and substantially lower than the peak amounts over the 15-year period. Table 1 provides a summary for the four largest provinces. The 2001 rates are 20 to 40 percent lower than the peak rates in these four provinces. Even if families on social assistance spend 50 percent of their benefits on rent (about \$7,000 per year), this amounts to only \$580 per month for rent. There are very few one-bedroom apartments – let alone larger apartments adequate for a family with children – available in the larger cities for that amount of money.

**Table 1: Welfare Benefits in Four of the Largest Provinces,
1986 to 2001***

	1986	Peak (year)	2001	2001 as % of peak
Ontario	\$17,060	\$22,596 (1992)	\$13,452	60%
Quebec	\$15,573	\$15,650 (1993)	\$12,041	77%
Alberta	\$19,690	\$19,690 (1986)	\$13,425	68%
British Columbia	\$15,891	\$17,368 (1994)	\$13,534	78%

* For a couple with two children (in constant 2001 dollars).

Source: National Council of Welfare (2002), *Welfare Incomes, 2000 and 2001*, Ottawa, Table 5A.

What about the provincial and territorial role in social housing and related urban and social programs in the period since 1993? Most of their policies and program changes have not been helpful. It is important, however, to place provincial and territorial budget cuts in housing, social spending, and urban affairs in the context of the federal government's downloading of the deficit onto provincial taxpayers. Provinces can either raise taxes to make up for the cuts in federal transfer payments (creating the conditions for a taxpayer revolt and boosting the popularity of politicians who promise tax cuts) or they can pass on the cuts to groups that have no electoral clout.

Federal cash transfers to the provinces and territories have been falling since the early 1980s. The share of federal expenditures transferred to the provinces and territories ranged from 4 to 4.6 percent of GDP in the early and mid-1980s. Since 1996 it has ranged from 2.7 to 2.9 percent

of GDP.¹⁷ In short, huge amounts of money that were once transferred to provinces and territories were unilaterally withdrawn. The money had previously been used for health, education, and welfare programs. Some federal funding, particular for health care, has since been restored.

Another way of looking at these federal budget cuts is to examine the share of total budget revenues that federal cash transfers represent. In Ontario, for example, during the first period (1980–86), an average of 17 percent of provincial revenues came in the form of federal cash transfers. During the second period (1987–95), this had fallen to an annual average of 13.4 percent. By the third period (1996–2001), only 9.3 percent of Ontario's budget revenues came from federal cash transfers.¹⁸

In addition to the cuts to transfer payments, housing budget cuts (direct federal spending on housing, not transfer payments) now save the federal treasury about \$1.5 billion a year. The approximately \$2 billion of federal money now spent on housing (1 percent of total federal spending) pays for subsidies on about 550,000 social housing units built before the termination of the federal role in housing supply in 1993. Dismantling the social housing supply program meant that provinces and municipalities had to bear the indirect costs of inadequate housing and homelessness. These include the costs of physical and mental health care, emergency shelters and services, and policing.

Towards an Inclusionary Housing System

The policy and program changes over the past 20 years (periods 3 and 4) mean that the right to adequate housing, the right to an adequate standard of living, and even the right to live depend upon having enough money. For most of this century the Canadian government did not even try to have a coordinated urban strategy. The death in early February 1999 of "Al," a homeless man who was sleeping on a heating grate directly under the window of the office of Ontario Premier Mike Harris, along with the death later the same month of Lynn Bluecloud, a homeless woman who was five months pregnant, within sight of the Prime Minister's office window in Ottawa, dramatically underline the consequences of an exclusionary housing system.

During the 1970s, market conditions changed, making it unprofitable for the private sector to build unsubsidized rental apartments. Given that any long-term investment was risky because of dramatic fluctuations in inflation and interest rates, why would anyone invest in rental apartment buildings? Given that condominiums were now possible, and

a developer could get an immediate return on investment once the units were sold, why would anyone build rental apartment buildings? Given that rental apartment developers had to compete for zoned building sites with condominium developers who were building for a higher-income group of consumers and therefore could always afford to pay more for the land, why would anyone build rental apartment buildings? Given that the gap between rich and poor, between homeowners and renters, continued to widen, why would anyone build for a group of consumers (renters) who could not afford the rent levels in new apartment buildings?

Given all these factors, there was indeed no good reason to build or invest in rental apartments; therefore, very few developers built rental housing. A market with a great deal of demand but very little supply is a market that has failed.

Since the mid-1970s, most new private-sector rental housing has been subsidized by a string of expensive subsidy programs. None of these programs helped create any low-rent housing. The only way to produce low-rent housing for people in serious need, and to keep the rents on those units low, is to subsidize construction and to protect this public investment by keeping the housing off the market (that is, in non-profit and non-equity co-op forms of ownership). There is nothing new in this observation. Humphrey Carver wrote in 1948 that there "is not much value debating the fact that, to date, there is no known method of providing low-rental housing except through public agencies supported by some kind of contribution from public revenue."¹⁹

The housing recommendations of the Prime Minister's Caucus Task Force on Urban Issues (Table 2) call for a return to the policies of Period 2: a national housing program that recognizes the nature of the "ultimate housing problem" – the supply of low-rent housing. The minister responsible for the Canada Mortgage and Housing Corporation when the Task Force report was issued, David Collenette, went on record in support of both an active federal role in urban issues and the direct provision of social housing. In an August 2002 speech he suggested it might be time for the federal government to get back into the social housing field. According to the minister, "the private sector is not going to voluntarily build low-cost housing – which is what we need in communities in this country."²⁰

A week later, A. Charles Baillie, the Chairman and CEO of TD Bank Financial Group, called for a return to the provision of social housing at a major conference on Canada's future:

Our cities – once a source of national pride – are deteriorating from a lack of infrastructure investment and an increase in poverty and homelessness. The construction of rent-assisted housing units has dropped from about 6,000 per year in Ontario to almost zero. ... No one disputes, for example, that there is a dire lack of social housing in our cities, but the problem will not be solved while each level of government views it as another's responsibility.²¹

Table 2: Housing Recommendations of the Task Force on Urban Issues, 2002

The Task Force recommends that the Government of Canada:

14. Establish a National Affordable Housing Program that could include:
 - Strengthening the mandate of Canada Mortgage and Housing Corporation to develop a National Affordable Housing Program in collaboration with all orders of government, and housing providers;
 - Building on existing federal housing programs;
 - Changes to CMHC mortgage underwriting criteria to allow a more customized and flexible system;
 - Providing additional resources and flexibility in the RRAP [Rental Rehabilitation Assistance Program] to rehabilitate existing properties;
 - Examining the federal tax environment related to rental housing and creating appropriate incentives;
 - Establishing grants against the cost of CMHC mortgage insurance;
 - Providing targeted mortgage insurance for brownfield redevelopment in areas where there is a shortage of affordable housing;
 - Facilitating agreements with municipalities to transfer small tracts of surplus land, owned by the Canada Lands Company, to community groups; and
 - Offering grants to community housing groups to support the restoration and conversion of heritage properties for affordable housing.
15. Extend the Supporting Communities Partnership Initiative (SCPI) beyond three years in order to meet its objectives to eliminate homelessness.

Source: Sgro, 2002: 20.

The cost of completing Canada's housing system – creating one that is inclusive rather than exclusive – is not all that expensive, given Canada's wealth and the federal budget surpluses over the recent five years. The core of such an initiative is the provision of more social housing. The Prime Minister's Task Force, the Federation of Canadian Municipalities,

the National Housing and Homelessness Network, and other organizations all recognize that non-market social housing must be built as it was before. The track record of subsidized private rental construction is not a good one. Few of the subsidies helped low-income tenants and, when they did, it was only for a short period or in poor-quality buildings. Such programs are not socially or fiscally sustainable. They are not long-term investments that directly help those most in need.

Canada spends about 1 percent of its budget, close to \$2 billion, on programs and subsidies for all social housing (about half a million units). This non-market housing, most of it built with direct federal subsidies, accommodates 5 percent of all Canadian households. Phasing in a social housing supply program of about 20,000 to 25,000 units a year – the level provided during the early 1980s – together with related housing programs, would mean phasing in over the coming decade another 1 percent of the federal budget for housing.

What about the provincial role in housing? Provinces should cost-share some of these programs. In the area of social assistance, provinces can help with housing affordability by maintaining social assistance and disability rates, including their housing component, at realistic levels (i.e., with periodic cost of living adjustments). This would help reduce the number of people at risk of homelessness. One possible sharing of costs between the federal government and the provincial and territorial governments relates to the distinction between the “bricks and mortar” subsidies for the construction and rehabilitation of housing, and the subsidies to people – the income-tested rent supplements. The federal government could supply the former, the provinces and territories the latter.

Both levels of government, however, receive their revenue from the same taxpayers. Government actions and inaction have contributed to the rental housing crisis and homelessness-making processes that emerged in the 1980s. Over the next decade a coordinated and properly funded effort can address the most severe failures of Canada's housing system. The federal government should lead the way and should do so as part of a comprehensive urban strategy. The solution today is the same as it was when Carver wrote *Houses for Canadians* in 1948.

It will be necessary to supplement the supply of housing. Under the social and economic conditions characteristic of a society such as ours, the recourse to public housing and the operation of rental subsidies seems to be an expedient which cannot be avoided if the national housing program is to be maintained.²²

In the end, the debate over whether and how to address housing need and homelessness comes down to a set of ethical questions. Will those in a position to make the necessary decisions do so? This is a political problem. There is no scientific or objective way to arrive at an answer about a political problem. That said, the nature of the problem is now well understood. Moreover, the package of solutions are not complicated or even very expensive for a country with Canada's wealth.

A focus on the human right to adequate housing for all Canadians, which was the basis of housing policy from the mid-1960s to the mid-1980s, is essential for the promotion of sustainable urban development, human development and social cohesion. As Article 22 of the Universal Declaration of Human Rights asserts, everyone is entitled to "the economic, social and cultural rights indispensable for his dignity and the free development of his personality." Human poverty is a denial of basic human rights. Human development, the process of enlarging people's choices, requires respect for and leads to the further realization of all human rights – economic, social, cultural, civil, and political. Individual and community well-being are intertwined, and human development requires strong social cohesion and equitable distribution of the benefits of progress to avoid tension between the two.

In a highly urbanized country such as Canada, the quality of city life, and the efficiency of cities as places to live and work, depend on the degree to which Canada has fair and inclusive societal institutions and policies. This has always been the core issue: the degree to which public policy addresses the needs of *all* Canadians. A *sustainable* housing policy must be one that attempts to move in the direction of creating a socially just housing system.²³

Of course, this is easy to say. Implementation is hampered by the various interests that come into conflict in a society in which housing and urban land are market commodities. Changes to policies and programs, even minor adjustments to regulations, can provide dramatically different financial benefits to different groups. This is why there are homeless-making processes at work in Canada's housing system. Policies, programs, regulations, and the tax system have been allowed to evolve in a fashion that produces hardship for many in the rental housing sector of the housing system. There is no conflict-free consensus in the area of urban housing policy. The history of the last fifty years proves this point beyond a shadow of a doubt.

This chapter is drawn from a longer paper published by the Canadian Policy Research Networks (CPRN), Housing Policy for Tomorrow's Cities, December 2002 (www.cprn.com).

J. David Hulchanski is director of the Centre for Urban and Community Studies. His research and teaching focuses on housing policy, social welfare, community development, and human rights. In the 1980s he was a professor in the School of Community and Regional Planning at the University of British Columbia and Director of the UBC Centre for Human Settlements. He has a M.Sc. and Ph.D. in urban planning and is a member of the Canadian Institute of Planners. In 1997 he was appointed to the only endowed chair in housing studies in North America, the Dr. Chow Yei Ching Chair in Housing.

Endnotes

- 1 A.J.M. Freeman, A.E. Holmans, and C.M.E. Whitehead. 1996. "Is the UK Different? International Comparisons of Tenure Patterns." London: Council of Mortgage Lenders, a study carried out by the Property Research Unit of Cambridge University.
- 2 John C. Bacher, *Keeping to the Marketplace: The Evolution of Canadian Housing Policy*. Montreal: McGill-Queen's University Press, 1993.
- 3 Bacher, *Keeping to the Marketplace*, p. 183.
- 4 Bacher, *Keeping to the Marketplace*, p. 185.
- 5 Albert Rose, *Canadian Housing Policies, 1935-1980*. Toronto: Butterworths, 1980.
- 6 Canada, *House of Commons Debates*, March 15, 1973, p. 2257.
- 7 Canada, Department of Finance, *A New Direction for Canada: An Agenda for Economic Renewal*. Ottawa, November 1984.
- 8 Canada Mortgage and Housing Corporation, *Consultation Paper on Housing*. Ottawa, 1985, p. 4.
- 9 Ibid.
- 10 Canada, Task Force on Program Review, *Housing Programs in Search of Balance*. Ottawa, June 1985, p. 39.
- 11 Canada, Task Force on Program Review, *Housing Programs*, pp. 9-11.
- 12 Canada, Task Force on Program Review, *Housing Programs*, p. 9.
- 13 Canada Mortgage and Housing Corporation, 1985, *A National Direction for Housing Solutions*. Ottawa, p. 46.
- 14 Canada, Task Force on Program Review, *Housing Programs*, p. 9.
- 15 Bacher, *Keeping to the Marketplace*, p. 210.
- 16 Bacher, *Keeping to the Marketplace*, p. 185.
- 17 Canada, Department of Finance, *Fiscal Reference Tables*, September 2001.
- 18 Ibid.

- 19 Humphrey Carver, *Houses for Canadians*. Toronto: University of Toronto Press, 1948, p. 125.
- 20 Quoted in Chase, Steven, "Collette waxes 'radical' on city funding." *Globe and Mail*, August 12, 2002.
- 21 A. Charles Baillie, "Seizing the Moment: Creating Canada's Future." Toronto Dominion Bank. CAN>WIN 2002 Conference, Toronto, Aug. 20, 2002 (www.td.com/communicate/speeches/20aug02.html).
- 22 Carver, *Houses for Canadians*, p. 124.
- 23 Peter Marcuse, "Sustainability is Not Enough." *Environment and Urbanization*, vol. 10, no. 2 (1998), pp. 103–111.